UNITED
NATIONS

DP

Governing Council
of the
United Nations
Development Programme

Distr.
GENERAL

DP/CP/CAR/5
24 March 1992

ORIGINAL: ENGLISH

Thirty-ninth session
4-29 May 1992, Geneva
Item 6 of the provisional agenda

PROGRAMME PLANNING: COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS

FIFTH MULTI-ISLAND PROGRAMME FOR THE COUNTRIES OF THE EASTERN CARIBBEAN

Programme period	Resources	$
1992-1996	Net IPF	4 000 000
	Estimated cost-sharing	200 000
	Total	4 200 000

CONTENTS

		Paragraphs	Page
I.	DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES	1 - 11	2
	A. Current socio-economic situation	1 - 8	2
	B. Regional development objectives and strategies ...	9 - 11	3
II.	EXTERNAL COOPERATION	12 - 16	4
	A. Role of external cooperation	12 - 13	4
	B. Aid coordination arrangements	14 - 16	4
III.	THE MULTI-ISLAND PROGRAMME	17 - 37	5
	A. Assessment of ongoing multi-island programme	17 - 21	5
	B. Proposals for UNDP cooperation	22 - 31	6
	C. Cooperation outside selected areas of concentration	32	8
	D. Implementation and management arrangements	33 - 37	9

Annexes

I.	Financial summary	10
II.	Programme matrix	12

92-13749 3072j (E) 130492

130492

/...

I. DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES

A. Current socio-economic situation

1. The Organization of Eastern Caribbean States (OECS) comprises seven member States, namely, Antigua and Barbuda, Dominica, Grenada, Montserrat, Saint Kitts and Nevis, Saint Lucia and Saint Vincent and the Grenadines, while the British Virgin Islands has an associated status. Anguilla has recently been granted an observer status. The United Nations Development Programme (UNDP)'s multi-island programme provides technical assistance to all of these islands. The Eastern Caribbean States have many common features while maintaining considerable country-specific characteristics.

2. During the 1980s, the OECS members had impressive economic growth rates, averaging 7.4 per cent. Average gross national product (GNP) per capita in 1989 (excluding the British Virgin Islands) was $2,063, with four of the seven OECS countries falling well below this average. Unemployment is a common concern and, in certain countries, official estimates rise as high as 30 per cent. Exceptions are Montserrat and the British Virgin Islands which boast full employment. For six months of each year, from June to November, the region is threatened by natural disasters and hurricanes which in 1979, 1980 and 1989 severely affected the productive capacities of several islands.

3. Throughout the OECS, economic performance continues to rest on one or both of two pillars, namely, agriculture and tourism which provide for the bulk of employment and foreign exchange earnings. Both sectors are highly exposed to price and demand fluctuations occurring on the international market. In fact, the strong economic performance could not have been achieved without sizeable inflows of concessionary finance, official grants and net private transfers from abroad. The growth rates therefore mask the economic fragility of the OECS countries.

4. In agriculture, concentration on a small number of export markets have added to the subregion's economic vulnerability. Domestic agricultural production has stagnated or declined over the last decade. High labour costs and low yields combine to place some local produce at a price disadvantage when compared with imported frozen substitutes.

5. Tourism has prospered particularly in the British Virgin Islands, Antigua and Barbuda and Saint Lucia. Being directly dependent on the economic climate in North America, the United Kingdom, Germany and the Scandinavian countries, this sector is inherently volatile. Concern arises also over the scarcity of skills in the sector and the competition from other lower-priced destinations, such as the Dominican Republic and Cuba. Closely linked to the development of the tourism sector, construction activity in the OECS has been buoyant and contributed an important share to the GDP. By contrast, the manufacturing sector has demonstrated limited growth and the islands' small sizes and populations impede benefits to be derived from economies of scale.

6. At the macroeconomic policy level, several issues are of common concern. While all Governments have assigned to the public sector the role of stimulator of private sector development, the public administrations remain ill-equipped to accomplish this task. Archaic civil service structures, outdated legislation, scarcity of skilled staff and low remuneration levels contribute to a constantly diminishing quality of services provided by the public sectors.

7. Poverty, in itself, is not widespread, given the relatively high per capita incomes and the quality of social services. Pockets of poverty, however, do exist, with women being particularly affected. Almost half of all households in the region are headed by women, most of them single.

8. An important policy concern relates to the management of natural resources and the environment. The three important sectors of tourism, construction and agriculture impact negatively on the islands' fragile environment.

B. Regional development objectives and strategies

9. At the national level, the development objective of these islands is improvement of the standard of living of the population through attainment of positive economic growth rates. The enabling strategies for achievement concentrate on tourism development, agricultural diversification and investment in human capital. These strategies are reflected in the national country programmes formulated for UNDP support. At the collective level, the islands' development objective aims at achievement of an OECS single market and political union for the islands of Dominica, Saint Lucia, Saint Vincent and the Grenadines, and Grenada. Following creation of the OECS in 1981, member States have pursued policies leading to trade liberalization and greater regional integration. These policies have been instrumental in fostering both national and regional growth and, as a result, all member States are committed to full economic integration.

10. In June 1991, the OECS agreed to establish a single market allowing for free movement of people, capital, goods and services. In addition to the existing monetary union, the OECS Governments have in recent years launched several institutional initiatives to facilitate joint programming. These include the Eastern Caribbean States Export Development Agency, the Eastern Caribbean Investment Promotion Service, the OECS Natural Resources Management Unit, the Agricultural Diversification Coordinating Unit, an OECS Tourism Unit, and the OECS Fisheries Development Unit. A cooperation agreement on trade and investment has also been negotiated with the French Departments in the Caribbean. A multilateral cooperation agreement with the Commonwealth of Puerto Rico was ratified recently and similar arrangements with other neighbouring countries are under consideration.

11. These initiatives reflect recognition that a collective approach is appropriate to support and complement national development objectives and strategies. The potential benefits of a single OECS market include economies of scale in administrative cost, availability of a larger reservoir of skilled personnel, enhancement of opportunities for joint venture arrangements, income and employment for the people of the subregion. Analyses of possible trade scenarios have suggested real growth rates without and with a single market of respectively 4.8 and 6.6 per cent. Greater competitiveness is also critical to achievement of expanded trade in the larger market of the Caribbean Community (CARICOM). However, the absence of currency alignment in CARICOM, unlike within the OECS, represents a significant obstacle to the goal of wider intraregional trade.

II. EXTERNAL COOPERATION

A. Role of external cooperation

12. All OECS States require substantial external finance for the funding of their Public Sector Investment Programmes (PSIP) and technical cooperation programmes. Priorities of national PSIPs relate to improvement of economic infrastructure, with particular emphasis on road construction, water supply, sewerage systems and power supply, all of which support expansion and servicing of tourism. Major capital assistance donors are the British Development Division in the Caribbean, the Canadian International Development Agency (CIDA), the European Development Fund (EDF), the United States Agency for International Development (USAID) and the Caribbean Development Bank (CDB).

13. There are several sectoral and intersectoral issues which, due to their similarity in most OECS countries, have increasingly been addressed at the regional level. These include agricultural diversification, trade and development, human resources development and environmental and natural resource management. Consequently, these areas are considered priorities for external support. The United Nations system is supporting a number of technical assistance programmes with a particular emphasis on the strengthening of regional institutional capacity in education, public administration, agriculture, human settlements, health and disaster management.

B. Aid coordination arrangements

14. The OECS maintains a Central Secretariat in Saint Lucia, as well as an Economic Affairs Secretariat (EAS) located in Antigua. The formulation of collective programmes and projects is one of the responsibilities of the General Secretariat. This is accomplished through extensive dialogue with member States on their strategic level objectives in trade, agriculture, fisheries, civil aviation, tourism, human resource development, public sector administration and the environment. The EAS formulates programmes for donor agencies which include the British Development Division, the European Economic Community (EEC), CIDA, the German Agency for Technical Cooperation (GTZ),

USAID and UNDP. These programmes are usually determined by two considerations, namely, overall needs and requirements, and the preferences and funding levels emanating from these agencies.

15. The EAS is also an active participant in the Caribbean Group for Cooperation in Economic Development (CGCED), which is the formal biannual consultation with donors and which is co-sponsored by the World Bank, the Inter-American Development Bank (IDB), the Organization of American States (OAS), the CDB and UNDP. In support of this consultative process, UNDP convenes quarterly coordination meetings at which the progress of both national and regional donor-supported programmes are reviewed.

16. The multi-island programme, by design, will complement the proposed programmes of the Caribbean component of the regional programme.

III. THE MULTI-ISLAND PROGRAMME

A. Assessment of ongoing multi-island programme

17. UNDP assistance under the fourth multi-island programme (1987-1991) supported two objectives, namely, public sector management to which 53 per cent of indicative planning figure (IPF) resources were allocated and agricultural diversification and rural development which received 30 per cent. There were several dimensions to the public sector management theme such as enhancement of the human resource base for technical, administrative and coordination functions related to the integration process (28 per cent of IPF); capacity-building of the external sector (13 per cent) and support for policy planning interventions in specific sectors such as technical and vocational education, human settlements and telecommunications (12 per cent).

18. Approved budgets for 19 projects within the multi-island programme reached $2.4 million in mid-1991. This sum excluded cost-sharing contributions of $990,000. Parallel financing of $1.6 million was mobilized from the Economic Community (EC), CDB, the BDD and USAID to support the Automated System of Customs Data (ASYCUDA) customs administration programme for increasing customs revenue yields. In agricultural diversification, the UNDP-funded Caribbean Agricultural Development Advisory Services and Training (CARDATS) project made an important contribution to the larger OECS diversification programme. Hands-on extension services were provided to small farmers in livestock production and vegetables and non-banana crops. Regional institutional capacities were improved when this project was absorbed by the Caribbean Agricultural Research and Development Institute (CARDI) providing for integration of agricultural research, technology adaptation and transfer within a single regional institution serving the OECS countries.

19. While nearly 20 per cent of programme resources was earmarked to support efforts at integration and political union, progress has been cautious towards

the holding of a referendum on political union in Dominica, Grenada, Saint Lucia and Saint Vincent. Technical work on taxation, fiscal matters, legislative affairs and civil service organization will be tackled only after a positive outcome of the referendum which has now been postponed until mid-1992. UNDP support is proposed in the areas of public information including the preparation of issues papers for public debate.

20. UNDP assistance helped research possibilities for increased export trade and joint ventures between the private sectors in the OECS and the French Caribbean to take full advantage of various protocols with the United States of America, Canada and France, and market access to the single European market in 1993. The result of this work is being reviewed by the OECS Governments.

21. Progress was made in policy formulation in human settlements and the United Nations Centre for Human Settlements (UNCHS) successfully formulated building codes and guidelines. In telecommunications, UNDP funded a study on enabling systems to withstand hurricanes and other natural disasters.

B. Proposals for UNDP cooperation

1. Preparatory process

22. Ongoing consultations with the OECS secretariat, the mid-term review and the UNDP advisory note were the bases on which the new programme was formulated. The United Nations system agencies responded by preparing submissions which outlined their proposals for the future.

2. Strategy for UNDP cooperation

23. The new multi-island programme adopts a thematic, multisectoral approach which will aim for subregional capacity-building through setting of precise strategic-level goals and integration of national resources with those of bi- and multilateral donors. Towards this end, the OECS secretariat proposes concentration in the key thematic areas of management development, natural resource and environmental management and poverty alleviation and grass-roots development. The new programme will utilize UNDP's comparative advantages of political neutrality, access to world-wide experiences, and flexibility and experience in coordination, cost-sharing and co-financing. Technical cooperation among developing countries (TCDC) will be an important project-implementation vehicle while critical situation analyses on the condition of women and their contribution to the development process, as well as the impact of the adjustment process on the poor and underprivileged, will provide the basis for articulation of subregional strategies in these areas.

3. Areas of concentration selected for UNDP cooperation

24. Management development (35 per cent of IPF). UNDP cooperation is envisaged in the form of technical advice and studies on matters such as the

harmonization of trade legislation, a review of the implications for free movement of labour and capital and in trade policy matters. In addition to these policy issues, skills-upgrading of public sector personnel is also foreseen in the institutions responsible for management of these policy instruments.

25. The proposed interventions will support the Governments' objectives for the establishment of a single market and the attainment of political union of the Windward Islands. The design of the technical assistance interventions will be based on the comprehensive needs assessment prepared in 1990 under the UNDP Management Development Programme which covered all aspects of public sector management and reform. In addition, the work accomplished in 1991 by the CIDA Eastern Caribbean Economic Management Programme, which encompasses human resources development, fiscal policy and administrative reform, will assist these efforts. Support for the Governments' objectives will also take account of the progress made as a result of the United Nations Centre for Transnational Corporations (UNCTC) study on the establishment of more active trade relations with the French Caribbean islands and similar efforts with regard to the United States Virgin Islands, Puerto Rico and Venezuela.

26. Within this framework, there are several complementary initiatives which will also support national efforts at reform of the public sector and investment in the island's human capital. Among them are the World Bank's current work in developing a regional human resources development strategy in consultation with CARICOM and the region's education authorities; similar work in education for the OECS countries which is being supported by CIDA; UNDP's intercountry programme for enhancing national and regional disaster management capacities by establishing resource management systems in ministries and departments responsible for health, consumer affairs and public works; and support by UNDP and several bilateral donors including the British Development Division and CIDA for reform of customs administrations in the Eastern Caribbean, including their revenue collection system.

27. Management of natural resources and the environment (26 per cent of IPF). UNDP support for subregional initiatives to achieve more effective management of fragile natural resources will focus on the setting of achievable strategic-level goals and devising an implementation plan which is integrated with, and complements, the allocation of national resources. In this context, objectives such as enhancement of institutional capacities, reduction of environmental degradation, refinement of land use and spatial planning policies, and investment in marine resources will direct the design of UNDP intervention.

28. National and subregional goals will be further assisted through a range of complementary efforts. While environmental management has emerged as a thematic priority in each of the OECS countries, it is also an area of principal interest of all bilateral and multilateral donors active in the region. At the institutional level, the OECS Natural Resources Management Unit (NRMU), supported by GTZ, will continue to be the subregion's focal point for coordination of the numerous interventions in this sector. The design of activities will be heavily based on work which has been accomplished by the

Caribbean Conservation Association (CCA). The latter has developed country environmental profiles and natural resource inventories with funding from USAID. The CIDA and the British Development Division are supportive of these efforts while several regional proposals in solid waste disposal, exploitation of marine resources, new and renewable sources of energy and oil spill detection are being considered by the Global Environmental Facility (GEF) and several bilateral donors.

29. These initiatives will place increasing and enormous pressures on national and regional institutional capacities, already weak because of inadequate numbers of technical and managerial skills. A UNDP environmental management project, funded from the regional programme will focus on building capacities and developing national capabilities to assume the increasing responsibilities for natural resource management.

30. Poverty eradication and grass-roots development (25 per cent of IPF). UNDP will be required to share with the OECS the experiences of countries such as Jamaica, Guyana and Mexico among others, with the formulation, negotiation, management and monitoring of the impact of structural adjustment programmes. Within the OECS region, poverty is not comprehensively documented and, consequently, this hampers the development of poverty alleviation strategies to confront the pervasive issues of unemployment and underemployment for the disadvantaged.

31. In this respect, the Governments' objectives for employment creation through the establishment of new relationships between the public and private sectors, non-governmental organizations (NGOs) and community groups will bring into sharper focus a range of issues concerning gender and the role of women in the development process and increasing productive opportunities for special groups such as female-headed households and small farmers.

C. Cooperation outside selected areas of concentration

32. Given the small populations of the OECS countries and the inadequate numbers of the required skilled personnel, Governments have expressed growing concern about the potential impact on development of the increasing numbers of persons affected by human immunodeficiency virus (HIV). Since 1986, 146 cases of acquired immunodeficiency syndrome (AIDS) have been reported in the OECS countries. The strategies adopted by Governments, with substantial support from bilateral donors and PAHO/WHO, have concentrated on raising national awareness in an effort to change public attitudes. These efforts have so far demonstrated limited impact and it is proposed that UNDP support will facilitate examination and refinement of current approaches utilizing the resources of the Caribbean Epidemiology Centre (CAREC).

D. Implementation and management arrangements

33. The complexity of intersectoral issues which will be addressed under the multi-island programme will require creative and imaginative contributions of the highest quality from the United Nations system agencies at the policy and strategic levels. UNDP will therefore be sensitive to the demands for coordination and provide for appropriate levels of consultations in the programme formulation processes.

34. During the course of the fourth cycle, just under half of the projects under the programme were executed by national or regional entities, the remainder by the specialized agencies of the United Nations. For the new programme, the range of concerns will require much higher levels of institutional commitment and participation at both the national and subregional levels. In this regard, direct execution will continue to be the guiding philosophy for programme management. At the same time, recommendations on implementation at the project level will be taken only after careful examination and assessment of institutional capacities.

35. UNDP recognizes that the high levels of bilateral and multilateral donor interest in the thematic areas proposed for UNDP attention by the OECS Governments will require increased collaboration and coordination responsibilities. The field office will therefore build on the consultative achievements of the fourth cycle and also expand the use of cost-sharing and co-financing modalities in order to assist the OECS in its responsibilities for coordination of external technical cooperation.

36. The programme is to be reviewed through the mechanism of the quarterly consultations between the Governments, the OECS and the UNDP. These consultations additionally monitor the continuing adequacy of the complementarity between the Eastern Caribbean country programmes, the multi-island programme and the Caribbean regional programme. The latter programme is implemented through the secretariat of CARICOM and appropriate representation will be sought from CARICOM to ensure consistency and mutually reinforcing links between the various programmes.

37. A formal mid-term review will be held in 1994, once the individual country programme mid-term reviews have been held, to ensure that conclusions and recommendations from the country programme reviews can be fully taken into account.

Annex I

FINANCIAL SUMMARY

I. ESTIMATED RESOURCES (IPF + cost-sharing) TAKEN INTO ACCOUNT FOR PROGRAMMING

(Thousands of dollars)

Carry-over from fourth cycle IPF	500	
Fifth cycle IPF	3 500	
Subtotal IPF		4 000
Project cost-sharing (third party)	200	
Programme cost-sharing	-	
Subtotal cost-sharing		200
TOTAL		4 200

II. ALLOCATION OF RESOURCES (IPF + cost-sharing) BY AREA OF CONCENTRATION

Area of concentration	Thousands of dollars			Percentage of total resources
	IPF	Cost-sharing	Total	
Management development	1 400	50	1 450	35
Poverty alleviation	1 000	50	1 050	25
Environment	1 000	100	1 100	26
Subtotal	3 400	200	3 600	86
Unprogrammed reserve	600	-	600	14
TOTAL	4 000	200	4 200	100

III. COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES USED IN AREAS OF CONCENTRATION

(Thousands of dollars)

A. UNDP-administered funds	
SPR	-
UNCDF	-
UNSO	-
UNIFEM	300
UNRFNRE	-
UNFSTD	-
Subtotal	300
B. Other United Nations resources	
JCGP participating agencies:	
UNFPA	1 200
UNICEF	-
WFP	-
IFAD	-
Other United Nations agencies (non-UNDP financed)	-
Global Environment Facility	-
Subtotal	1 200
Total non-core and other United Nations resources	1 500
C. Non-United Nations resources a/	-
TOTAL	1 500

a/ Funds originating from the implementation of management services agreements.

Annex II

PROGRAMME MATRIX

Area of concentration	Area of focus a/					
	Poverty eradication and grass-roots participation in development	Environment and natural resource management	Management development	TCDC	Transfer and adaptation of technology	WID
I. MANAGEMENT DEVELOPMENT						
Human resources development	*		*	*	*	*
Public sector institutional strengthening			*	*		
Political union	*		*	*		
Trade policy			*	*		
II. POVERTY ALLEVIATION						
Employment creation	*			*	*	*
III. ENVIRONMENTAL PROTECTION AND NATURAL RESOURCE MANAGEMENT						
Land use and spatial planning	*	*	*	*	*	*
Marine resources development		*		*	*	
Public sector institutional strengthening	*	*	*			

a/ Asterisks indicate major linkage only.